

Message Text

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65

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 TRSE-00

H-02 IO-13 PM-04 NSC-05 SP-02 SS-15 (ISO) W

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R 231530Z AUG 76

FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 983

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E.O. 11652: N/A

TAGS: EAIR PFOR CI

SUBJECT: CIVAIR: TAX ON DEPARTING PASSENGERS

1. INTRODUCTION: BRAIFF INTERNATIONAL AIRLINES IN JUNE REQUESTED EMBASSY'S ASSISTANCE WITH REGARD TO EXTENSION OF CHILEAN AIRPORT TAX TO ITS NON-FLYING PERSONNEL. FOLLOWING SUMMARIZES STATE OF PLAY AGAINST POSSIBILITY THAT JOINT EFFORTS BY INTERNATIONAL AIRLINES SERVING SANTIAGO ARE NOT SUCCESSFUL, AND REQUESTS LEGAL OPINION.

END INTRODUCTION.

2. CHILEAN DECREE 896 IMPOSES DEPARTURE TAX EQUIVALENT TO 10 PERCENT OF VALUE OF FARE ON ALL PASSENGERS WITH INTERNATIONAL DESTINATIONS OTHER THAN LATIN AMERICA. CLAUSE "J" EXEMPTED FROM SUCH PAYMENT ALL AIRLINE EMPLOYEES TRAVELLING ON COMPANY BUSINESS. ON MAY 31, 1976, HOWEVER THE CHILEAN INTERNAL REVENUE SERVICE RESTRICTED APPLICATION OF CLAUSE "J" TO CREW MEMBERS ENGAGED IN ACTUAL FLIGHT OPERATIONS, THUS TAXING TRAVEL OF SALES, EXECUTIVE AND OTHER PERSONNEL

ON COMPANY BUSINESS.

3. AFTER BEING INFORMED THAT LAN-CHILE'S (CHILEAN AIRLINES - GOC OWNED) NON-FLIGHT PERSONNEL WERE CONTINUING TO RECEIVE AN EXEMPTION, EMBASSY ON JUNE 6 LEFT AIDE MEMOIRE WITH FONOFF

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NOTING THIS APPARENT DISCRIMINATION. AT END OF JULY, EMBASSY

WAS ADVISED THAT ALTHOUGH FONOFF LEGAL DEPARTMENT AGREED WITH
GENERAL POSITION OF EMBASSY, MINISTRY OF HACIENDA (TREASURY)
WAS PREPARING ADVISORY OPINION THAT NEW RESTRICTIVE INTER-
PRETATION OF CLAUSE "J" WAS PERFECTLY LEGAL AND WITHIN ITS
JURISDICTION. ON AUGUST 6, EMBASSY WAS ADVISED THAT EXEMPTION
FOR LAN-CHILE NON-FLIGHT EMPLOYEES WAS BASED ON CLAUSE "I"
EXEMPTING GOVERNMENT EMPLOYEES WHICH INCLUDE LAN-CHILE PERSONNEL.

4. BRANIFF IS NOW MAKING COMMON CAUSE WITH OTHER INTERNATIONAL
CARRIERS AND TRAVEL AGENCIES, TO HAVE TAX ABOLISHED WITH
RESPECT TO ALL PASSENGERS ACROSS THE BOARD. EMBASSY BELIEVES
THAT THIS ROUTE MAY WELL BE MORE PRODUCTIVE, AND IS AWAITING
DEVELOPMENTS.

5. ACTION REQUESTED. WOULD APPRECIATE DEPARTMENT'S REVIEWING
CIVIL AIR BILATERAL AGREEMENT OF 1947 AND ADVISE US OF GROUNDS
FOR FURTHER PROTEST SHOULD THIS BE NECESSARY.

POPPER

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